

Message Text

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21

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 CIAE-00

DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01 XMB-02

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R 131355Z FEB 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 3924

USTREASURY WASHDC

AMEMBASSY MEXICO

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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TREASURY FOR US CUSTOMS HEADQUARTERS

E.O.11652: N/A

TAGS: OTRA, MX, BR

SUBJECT: PRESS REACTION TO US CUSTOMS INVESTIGATION

REF: BRASILIA 0933

1. SUMMARY. FOREIGN MINISTRY OFFICIALS HAVE BRIEFED PRESS ON US REQUEST FOR CUSTOMS INVESTIGATION, APPARENTLY PLACING IT INTO THE CONTEXT OF THE SECRETARY'S FORTHCOMING VISIT. BRIEFING HAS RESULTED IN PROMINENT PRESS COVERAGE HERE, ALL OF IT MISREPRESENTING US INVESTIGATION HAS INTENDED TO LAY BASIS FOR FURTHER TRADE ACTION AGAINST BRAZIL. EMBASSY CONSIDERES THIS ESCALATION OF CUSTOMS INVESTIGATION A DELIBERATE MOVE, REFLECTING GROWING BRAZILIAN IRRITATION ON TRADE MATTERS AND DESIGNED TO SIGNAL TOUGHENING GOB STANCE TO BRAZILIAN PUBLIC AS WELL AS USG. END SUMMARY.

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2. PRESS THIS PAST WEEKEND CARRIED VARIOUS ARTICLES ON RECENT US REQUEST FOR CUSTOMS UNDER-VALUATION INVESTIGATION. MOST IMPORTANT OF THESE, IN JORNAL DO BRASIL AND E GLOBO, FEBRURY 8, QUOTED MINISTER OF FINANCE SIMONSEN AS CONFIRMING THAT HIS MINISTRY HAD REFUSED AN INFORMAL US CUSTOMS SUGGESTION (O GLOBO USED VERBAL REQUEST) TO INVESTIGATE BRAZILIAN FIRMS IN CONNECTION WITH POSSIBLE DUMPING BY BRAZILIAN EXPORTERS.

3. TWO DAYS EARLIER, FEBRUARY 6, BOTH JORNAL DO BRASIL AND JORNAL DE BRASILIA HAD CARRIED REQPORTS ON US REQUEST IN CONTEXT OF SECRETARY'S VISIT. CITING FOREIGN MINISTRY SOURCES. JORNAL DO BRASIL REPORTED THAT THEAMERICAN SECRETARY OF STATE WOULD BE ARRIVING AT THE MOMENT THAT THE FOREIGN MINISTRY HAD PREPARED AN OPINION ADVISING THE MINISTRY OF FINANCE TO DENY ENTRY TO AN AMERICAN MISSION WHICH PLANNED TO INVESTIGATE THE BRAZILIAN SYSTEM OF TAXATION AND INCENTIVES FOR EXPORTS OF SHOES, LEATHERWARE, AND TEXTILES. THE ARTICLE STATE THAT, IN ITS MEMORANDUM TO THE FINANCE MINSTRY, THE FOREIGN MINISTRY HAD CONSIDERED THE AMERICAN MISSION "INCONVENIENT" BECAUSE IT WOULD INVESTIGATE PRODUCTS WHICH WERE ENCOUNTERING DIFFICULTIES AND CUSTOMS BARRIERS IN THE AMERICAN MARKET.

4. THE (OFTEN FREE-WHEELING) JORNAL DE BRASILIA SAID THAT THE RECENT US CUSTOMS REQUEST WOULD CERTAINLY BE PLACED INTO THE CONVERSATIONS BETWEEN THE SECRETARY AND THE BRAZILIAN AUTHORITIES. IN AN EDITORIAL, ON THE SECRETARY'S VISIT, FEBRUARY 9, THE PAPER TOOK THE SUBJECT UP AGAIN, REFERRING TO THE US CUSTOMS REQUEST AS TOTALLY UNDIPLOMATIC, ONE WHICH WOULD NOT EVEN BE ADMISSIBLE IF BRAZIL WERE A "BANANA REPUBLIC" LIVING UNDER THE AEGIS OF UNITED FRUITS. THE TREASURY ATTEMPT TO SEND AUDITORS TO VERIFY IF GOB SUBSIDIES WERE RESULTING IN DUMPING WERE CAUGHT IN TIME BY PROMPT ACTION ON THE PART OF THE FOREIGN MINISTRY. IT WOULD SEEM NECESSARY, LIMITED OFFICIAL USE

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THE EDITORIAL CLOSED, TO SPEAK LOUDLY ENOUGH FOR THE WHITEHOUSE TO HEAR: "YOUR BACKYARD IS DIMINISHING."

5. COMMENT: AN INTERESTING ASPECT OF THESE BRIEFINGS IS THEIR SEQUENCE: THE ORIGINAL PRESS REPORTS, ALL ARE ATTRIBUTED TO THE FOREIGN MINISTRY AND OCCUR IN LENGTHY ARTICLES ON THE TOPICS TO BE DISCUSSED DURING THE SECRETARY'S FORTHCOMING VISIT. THE SIMONSEN

STATEMENT, TWO DAYS LATER, APPEARS TO HAVE BEEN IN
RESPONSE TO PRESS INQUIRES, THUS SUGGESTING THAT
SIMONSEN'S HAND WAS FORCED BY THE FOREIGN
MINISTRY. WHILE SELF-SERVING, THE FOREIGN
MINISTRY'S DISCLOSURES AND MISREPRESENTATIONS CLEARLY
SEEM A DELIBERATE MOVE, ACCURATELY REFLECTING
THAT MINISTRY'S ADVOCACY OF A HARD LINE ON TRADE
MATTERS. THE READY ACCEPTANCE BY FINANCE OFFICIALS
OF THE FOREIGN MINISTRY'S RECOMMENDATIONS ON HOW TO
DEAL WITH A ROUTINE CUSTOMS INVESTIGATION IS, WE BELIEVE, A
REFLECTION OF THE GROWING IRRITATION AND CONCERN
IN THE FINANCE MINISTRY OVER THE INCREASING
NUMBER OF TRADE ISSUES BETWEEN THE TWO COUNTRIES.
CRIMMINS

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